

Selective Insurance

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PS Form 3800, April 1995 (Reverse)

October 13, 1999

Frank Capano
White Oak Builders, Inc.
Christiana Ventures, Inc.
1 S. Old Baltimore Pike
Christiana, Delaware 19702

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Lea Eara Farms
Claim Number: 01675768
Policy Number: S3208281

Dear Mr. Capano:

I acknowledge receipt of the Summons and Complaint served on Christiana Ventures on or about September 30, 1999. I apologize for the delay in responding but I have been working with J.A. Montgomery to determine who each defendant was insured with and the applicable coverages. I have now had the opportunity to review the complaint in conjunction with your insurance policy and must regretfully advise that there is no coverage for this claim/suit. The basis of our coverage denial is the following policy language:

**CG 00 01 COMMERCIAL GENERAL LIABILITY COVERAGE FORM
COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**

1. Insuring Agreement.
 - a. "We will pay those sums that the insured becomes legally obligated to pay as damages because of bodily injury or property damage to which this insurance applies.
 - b. This insurance applies to bodily injury and property damage only if:
 - (1) The bodily injury or property damage is caused by an occurrence that takes place in the coverage territory; and
 - (2) The bodily injury or property damage occurs during the policy period.

SECTION V. DEFINITIONS

9. Occurrence means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

12. Property damage means:

- Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- Loss of use of tangible property that is not physically injured. All such loss shall be deemed to occur at the time of the occurrence that caused it."

The allegations contained in the Complaint against Christiana Ventures are Consumer Fraud, Misleading, Deceptive Trade Practices, Deviation From Plans, County Code Violations, Use of Defective Materials, Substandard Materials and Oral Misrepresentation. None of these claims meet the definition of an "occurrence" and there is no resulting "property damage". Based on same, Selective Insurance Company will not be providing a defense or indemnification for this lawsuit. There

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01675768
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may be other reasons why coverage does not apply. We do not waive our right to deny coverage for any other valid reason which may arise.

It is my recommendation that you immediately alert personal counsel and provide them with a copy of this correspondence so an Answer can be filed on behalf of Christiana Ventures, Inc. which is due October 19, 1999. Please feel free to contact me with any questions.

Sincerely,

Donna L. Webster
Claims Technical Specialist

cc: Commerce National, Attn: Nancy Washington, #4801